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ARIZONA CORPORATION COMMISSION

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October 18, 2006

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Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Kristin K. Mayes
Commissioner Barry Wong

Re: Wind River Resources' Application before the Arizona Department of Water Resources
Beaver Dam Water Company (Docket No. W-03067A-06-0117)

Dear Colleagues:

The statutes to which Commissioner Mayes referred in her recent letter comprise A.R.S. Title 45, Chapter 1, Article 11, entitled "Exportation of Water from this State." The cornerstone of Article 11 is A.R.S. § 45-292. It provides that, in deciding to approve or reject an application to transport water out of Arizona, the Director of the Arizona Department of Water Resources (ADWR) shall, among other factors, consider:

1. Whether the proposed action would be consistent with conservation of water, including any applicable management goals and plans.
2. Potential harm to the public welfare of the citizens of this state.
3. The supply of water to this state and current and future water demands in this state in general and the proposed source area in particular.
4. The feasibility of intrastate transportation of the water that is the subject of the application to alleviate water shortages in this state.

It is clear that the Legislature has given ADWR ample authority to thoroughly evaluate and decide applications to transport water out of Arizona. There is no reason to doubt ADWR's commitment to discharging its attendant responsibilities.

Staff should follow ADWR's proceedings to the extent needed to advise the Commission of their development, but does not need to monitor meetings. There is no reason for the Commission to hold a public comment meeting on a matter that is under ADWR's statutory authority, and not under the Commission's jurisdiction.

Sincerely,

Mike Gleason

Mike Gleason
Commissioner

Arizona Corporation Commission

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c: Brian C. McNeil, Executive Director
Christopher C. Kempley, Chief Counsel
Ernest Johnson, Utilities Division Director
Heather Murphy, Public Information Officer
Herb Guenther, Director, Arizona Department of Water Resources
Docket No. W-03067A-06-0117